

3 March 1963

To: Audit Bureau Office Washington D.C.

Subj: Steb Corporation, Lexington Mass., Contract BT-1943:
 Interim Audit Report for the period inception
 through 25 January 1963

Encl: (1) Copy of document to 1088 of 15 Feb 1963 w/panel
 (2) Memo to 63-032 of 12 Feb 1963 (Act to Gen)
 (3) Status of Contract as of 25 Feb 1963
 (4) Auditor's Summary of Costs Incurred, Inception
 through 25 Jan 1963

1. As requested in enclosures (1) and (2), an interim audit
 of the costs under the subject contract has been
 performed by the auditor. Results of the audit are
 set forth in enclosures (3) and (4).

2. For the purpose of clarification, it should be
 understood that, while no formal interim audit has
 been performed prior to this time, continuous review
 has been effected by the auditor by means of repeated
 meetings with the project people and also by frequent
 examination of the cost records pertinent to the job.

3. The apparent area of confusion that exists may well
 arise in costs incurred by the end of February. As can be
 seen in enclosure (3) - actual, booked (incurred) costs
 through 25 January 1963 aggregate If to this
 is added the estimate of February expenditures and the
 cost commitments, it can be seen in this same enclosure

(1)

that gross expenditures at the end of February will total

STATINTL

[redacted] This plus a review of the expenditures

forecast through completion does not appear to be
indicative of over-run. It should be further noted

that within the gross expenditures cited is the transfer

of [redacted] (material costs only) from the prior job (E-5).

4. The auditor has reviewed material costs for the
items of more significant dollar value, and based upon
this review has determined these costs to be allocable and
applicable to work performed under the contract.

Direct labor has been traced from the cost ledger to
the supporting JBM runs and on a test basis to the
original labor records.

5. Overhead and general and administrative rates represent
application by the contractor of adjusted book rates. Consistent
with the provisional rates approved for billing purposes by
the cognizant audit activity.

6. The auditor, subject to the further findings of the
Contracting Office, would recommend acceptance of
the costs incurred as reasonable, allocable and
applicable to work performed under the subject contract.

7. If additional information is necessary concerning any
facts which should be explained more thoroughly,
please call or write.

Ken

Da: 15 July 1963MEMORANDUM FOR: LEN

SUBJECT

Request for Assist Audit
Survey

TYPE: Cost Analysis

Cost Audit X

Property Audit

Contract Data

Location Livingston I

BT-1943

Cost to latest available date

Interim

Type

REMARKS:

1. It is requested that (assist audit) (cost analysis be performed as indicated above).

2. Please sign below and return the original copy of document No. 1088 upon receipt.

3. The working papers (should) (should not) accompany the draft report of audit.

4. The attachments to this document are to be returned with the draft report.

BY Bill

REMARKS: Len: Attachment is for your information. It looks like ITEN is spending at a rate which may produce a substantial overrun. Hendel would appreciate having the interim audit expedited by you.
Bill

Receipt is acknowledged for:

Date

Signature

Enclosure (1)

LAN-63-019
11 Feb 1963

Dear Wendell:

Our Lanyard contract, BT-1943, with ITEX now totals [] dollars, including three follow-ons etc. By the end of February contractor will have incurred costs slightly in excess of [] dollars. Contractor will have delivered all equipment prior to October 1963 but will definitely have responsibilities under the contract through the end of that month. At the present time ITEX is about half way through the program.

To the best of my knowledge an interim audit has not been performed as yet and in view of the progress of the work and the amount of costs incurred, I am wondering if an interim audit would not be in order at this time. I do not know what the practice has been heretofore; however, I believe that [] has sufficient time to perform such an audit.

If neither you nor Bill E. see any objections to this I would like to request Len to perform such an audit at the earliest date and to prepare a detailed and official report as to the reliability of costs charged to BT-1943.

-I would appreciate your advice on this.

Art

Cy 1 - Wendell
2 - BT 1943

SECRET
SPECIAL HANDLING

Memo No. 63-022
12 February 1963

Dear Len:

As you may know, we are very close to definitizing Amendment No. 1 to Contract BT-1943. Dana sent me the revision to both the work statement and the specification and the Amendment is now being prepared. I hope to forward it to Dana for his signature within a week.

The total contract price is now and contractor is over half way through in terms of time. end of this month, February, the forecast is covering commitments, etc.

25X1A

25X1A

In view of the status of this contract at this time, from the standpoint of both money and time, I would like to have an interim audit performed by yourself. Would you, therefore, conduct an interim audit in the immediate future and furnish me with an official audit report covering all costs charged to the contract with your recommendations as to the allowability thereof.

Sincerely

Art
Art

Cy 1 - Len
2 - File

Encl (2)
SECRET
SPECIAL HANDLING

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